

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 EB-07 /018 W
-----251519Z 037491 /44
R 251155Z MAY 77
FM AMEMBASSY CARACAS
TO USDOC WASHDC
INFO SECSTATE WASHDC 7763

C O N F I D E N T I A L CARACAS 5205

PASS TO OED/MEPD AND OIM/BREWER

E.O. 11652: GDS
TAGS: BENC, VE
SUBJECT: MAJOR PROJECTS: GURI, METRO, RAILROAD

REF: STATE 113651

SUMMARY: AMBASSADOR DISCUSSED THESE MAJOR PROJECTS
WITH MINISTER LAURIA, POINTING OUT GREAT IMPORTANCE
USG PLACES ON THIS PROCUREMENT. DISCUSSED POSSIBLE
CAP MEETING WITH SUPPLIERS OF TECHNOLOGY DURING
US TRIP. WE SUGGEST IT MIGHT BE USEFUL FOR MKI
AND PULLMAN MAKE ONE MORE EFFORT ON RAILROAD.
END SUMMARY.

1. DURING DISCUSSION MAY 23 WITH MINISTER OF HEAVY
INDUSTRIES CARMELO LAURIA, AMBASSADOR POINTED OUT
THAT US COMPANIES ARE STILL INTENSELY INTERESTED
IN THESE THREE VERY LARGE PROJECTS AND THAT
LIKEWISE THE U.S. GOVERNMENT IS DEFINITELY SUPPORT-
ING THEIR EFFORTS BECAUSE OF THE JOB-CREATION
EFFECT IN THE U.S. THE AMBASSADOR ALSO POINTED
OUT THAT WHILE IN SOME CASES U.S. FIRMS BID
SOMEWHAT HIGH, THE GOV SHOULD TAKE INTO ACCOUNT
THE HIGHER TECHNOLOGY OFFERED AND THE DEMONSTRATED
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CAPABILITY
F THE U.S. FIRMS TO DELIVER ON TIME.
FURTHER, THE AMBASSADOR POINTED OUT IN RESPONSE
TO MINISTER LAURIA'S OBSERVATION (BELOW) THAT
POLITICAL CONSIDERATIONS ARE SOMETIMES INVOLVED,
THAT IF ANY OF THESE PROJECTS ARE DECIDED ON
POLITICAL GROUNDS THEN WE ALSO HAVE EQUALLY

IMPORTANT POLITICAL RATIONALES WHICH SHOULD BE
TAKEN INTO ACCOUNT.

2. GURI DAM PROJECT: MINISTER LAURIA OBSERVED
THAT EDELCA HAS RECOMMENDED AWARDED THE BID TO
THE BRAZILIAN CONSORTIUM AND THAT THERE THE
MATTER STANDS. HE FAIRLY CLEARLY INFERRED THAT
POLITICAL CONSIDERATIONS WILL WORK AGAINST
OVERTURNING THIS TECHNICAL DECISION. THE
AMBASSADOR NEVERTHELESS REITERATED THAT SHOULD
THE BIDS BE VACATED, THE THREE U.S.-LED CONSORTIA
WOULD BE WILLING TO MAKE NEW OFFERS. (EMBASSY
NOTE: EXECUTIVES OF BOTH DRAVO AND MORRISON-
KNUDSEN SO INDICATED TO THE AMBASSADOR AND EMBOFF
LAST WEEK.)

3. METRO ROLLING STOCK AND TRAIN CONTROLS:
HERE LAURIA POINTED OUT THAT THE BIDS ARE STILL
SUBJECT TO ANALYSIS. THE AMBASSADOR SUGGESTED
THAT INDIVIDUAL ELEMENTS OF THE TWO U.S. CONSORTIA'S
BIDS APPEARED TO BE ADVANTAGEOUSLY PRICED, AND
THAT THE PULLMAN-STANDARD CARS ARE THE LIGHTEST
AND THE WESTINGHOUSE TRAIN CONTROLS ARE TECHNO-
LOGICALLY ADVANCED. (EMBASSY NOTE: WESTINGHOUSE
LAST WEEK REQUESTED EMBASSY ASSISTANCE IN SUGGEST-
ING TO THE METRO PROJECT OFFICE THAT THEY REQUEST
A COMBINATION OF THE WESTINGHOUSE/PULLMAN-
STANDARD OFFERS. ACCORDING TO CANADIAN CHARGE,
HAWKER-SIDDELY ALSO HAS EXPRESSED INTEREST IN
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TALKING TO WESTINGHOUSE. END EMBASSY COMMENT.)
THE AMBASSADOR SUGGESTED THAT SHOULD THE BID BE
VACATED IT WOULD BE WISE TO SELECT THE BEST
ELEMENTS OF THE U.S. OFFERS. LAURIA COMMENTED
DRIPLY THAT THE BID HAS NOT BEEN VACATED YET.

4. RAILROAD: LAURIA REPORTED THAT THE CANADIAN
MINISTER OF TRADE AND INDUSTRY AND HIS SPANISH
COUNTERPART WOULD MEET WITH HIM IN CARACAS ON
JUNE 3. THE AMBASSADOR POINTED OUT THAT SINCE
CONVERSATIONS BETWEEN THESE TWO CONSORTIA
APPARENTLY WERE NOT GOING WELL WOULD IT BE OPPOR-
TUNE FOR THE U.S. CONSORTIUM TO MAKE ANOTHER
PRESENTATION. LAURIA REPLIED THAT THE CANADIANS
WERE THE LOW BIDDERS AND THE GOV WISHES TO
QUOTE HELP SPAIN UNQUOTE. (EMBASSY COMMENT:
IF MORRISON-KNUDSEN AND PULLMAN CAN INITIATE NEW
PROPOSALS INCLUDING A FIRM FINANCING OFFER THEN
THEY SHOULD ATTEMPT TO DO SO BEFORE JUNE 3.

EMBASSY WILL BE PLEASED TO FACILITATE MEETINGS WITH LAURIA AND OTHER MINISTERS. INDEED EMBASSY ARRANGED APPOINTMENT WITH LAURIA LAST WEEK FOR EXECUTIVE VICE PRESIDENT ANDERSON AND MOE OF MORRISON-KNUDSEN. END EMBASSY COMMENT.)

5. AMBASSADOR ALSO RELAYED THE MESSAGE THAT U.S. COMPANIES OFFERING THE ADVANCED TECHNOLOGY THAT VENEZUELA WILL REQUIRE FOR CARRYING OUT ITS DEVELOPMENT PLANS WOULD BE DELIGHTED TO HAVE CONTACT WITH PRESIDENT PEREZ DURING HIS TCP TO THE UNITED STATES. LAURIA NODDED ASSENT AND WENT ON TO VOLUNTEER THAT HE HAD BEEN THINKING SERIOUSLY ABOUT U.S. PARTICIPATION IN THE CORPOZULIA STEEL AND COAL PROJECTS, WHEREUPON THE AMBASSADOR MENTIONED THE PETROCHEMIC W

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AREA AS WELL.

6. THE AMBASSADOR WILL ATTEMPT TO MAKE SIMILAR REPRESENTATION TO MINISTER OF TRANSPORT AND COMMUNICATIONS VIVAS CASANOVA. HOWEVER, WE BELIEVE LAURIA IS THE KEY DECISION MAKER NEXT TO THE PRESIDENT.

ACTION REQUEST

7. SUGGEST USDOC/MEPD ENCOURAGE MORRISON-KNUDSEN/PULLMAN STANDARD PUT TOGETHER ONE LAST TRY. WITH REGARD TO POSSIBLE RE-COMBINATIONS ON METRO BID, INFORMATION HEREIN SOLELY FOR MEPD. WE HAVE BEEN KEEPING WESTINGHOUSE LOCAL REPRESENTATIVE INFORMED. VAKY

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Sent Date: 25-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977CARACA05205
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770186-1172
Format: TEL
From: CARACAS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770521/aaaaarpk.tel
Line Count: 156
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 6536d18a-c288-dd11-92da-001cc4696bcc
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 77 STATE 113651
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 30-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2382251
Secure: OPEN
Status: NATIVE
Subject: MAJOR PROJECTS: GURI, METRO, RAILROAD
TAGS: BENC, VE
To: COM
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/6536d18a-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009